

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your **TRADE, COMMERCE, AND TOURISM** Committee

reports as follows:

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to proposed Foreign-Trade Zone (FTZ) General Purpose Operating Agreement with Custom Air Warehouse, FTZ 202, Site 10E.

Recommendations for Council action:

1. ADOPT the determination by the Los Angeles Harbor Department that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article III, Class 1(14) of the Los Angeles City CEQA Guidelines.
2. APPROVE the FTZ General Purpose Operating Agreement with Custom Air Warehouse, FTZ 202, Site 10E.

Fiscal Impact Statement: The City Administrative Officer reports that approval of the proposed FTZ Operator Agreement with Custom Air Warehouse (Custom Air) will have no impact on the City General Fund. Custom Air has paid the one-time application fee of \$5,000 and will pay an annual administrative fee of \$5,000 per year for the initial five-year term and three five-year renewal options, for a possible contract amount of up to a total of \$105,000 for the life of the contract. There will be no impact on the City General Fund. All Funds will be deposited in the Harbor Revenue Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - OCTOBER 14, 2012

(LAST DAY FOR COUNCIL ACTION - OCTOBER 12, 2012)

SUMMARY

At a regular meeting held on August 27, 2012, your Trade, Commerce and Tourism Committee considered the FTZ Operating Agreement No. 12-3064 with Custom Air, at FTZ Site No.10E in the City of Carson, California. The proposed Operating Agreement with Custom Air is for an initial term of five years and three subsequent five-year renewal options, subject to approval by the Board, Mayor and Council, for a total contract term up to 20 years. The FTZ Operator plans to manage a building, distribution facility and general warehouse centers approximately 10 miles from the Port. The United States Government's Federal FTZ Board has designated the Port as the Grantee/Administrator of FTZ 202 for the City of Los Angeles and the surrounding region. A definition of an FTZ is a secure area located in or near the port of entry for US Customs and Border Protection Agency (Customs), but legally considered to be outside the Customs territory for the purpose of tariff laws and Customs entry procedures.

All activities are performed in accordance with Federal FTZ procedures. The goal of the FTZ program and Port is to stimulate economic growth and development in the United States, facilitate efficient cargo transit and support the local, State and national economy. The FTZ does not generate a direct profit for the Port, but is provided by the Port as a service to its customers to promote international trade and commerce in the region and the United States.

An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendation contained in the report.

This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
LABONGE:	YES
ROSENDAHL:	ABSENT
BUSCAINO:	YES

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